

Message Text

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PAGE 01 BUENOS 00197 102126Z
ACTION OES-07

INFO OCT-01 ARA-10 EUR-12 ISO-00 ACDA-12 CIAE-00
INR-07 IO-13 L-03 NSAE-00 EB-08 NRC-05 SOE-02
DODE-00 DOE-11 SS-15 SP-02 NSCE-00 SSO-00 INRE-00
/108 W

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O R 102055Z JAN 78
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC IMMEDIATE 4066
INFO AMEMBASSY LIMA PRIORITY
AMEMBASSY VIENNA PRIORITY

C O N F I D E N T I A L BUENOS AIRES 0197

USIAEA

E.O. 11652: GDS
TAGS: PARM, TECH, IAEA, AR, PE
SUBJECT: U.S. FUEL FOR ARGENTINE REACTOR LOAN TO PERU

REF: (A) STATE 004056, (B) 77 STATE 310922

1. ON JANUARY 10, ACTING SCIENCE COUNSELOR REED MET WITH
ACTING CNEA HEAD CAPT. EDGARDO AGUIRRE AND WITH ING. JORGE
COSENTINO, CNEA DIRECTOR OF PROJECTS, TO RESPOND AS
INDICATED IN REF A TO GOA'S OBJECTION TO NEGOTIATION OF
AN IAEA PROJECT AGREEMENT. AT THIS MEETING, AGUIRRE
REITERATED HIS CONCERN OVER THE U.S. POSITION AND REQUESTED
AN IMMEDIATE REPLY FROM THE DEPARTMENT TO THE FOLLOWING
POINTS HE AND COSENTINO MADE:

A. WHILE THE DEPARTMENT ADDRESSES ITSELF IN REF A TO
WHY QUADRIPARTITE AGREEMENT CAN BE NEGOTIATED UNDER ARTICLE
XI, IT DOES NOT RESPOND TO THE GOA'S ASSERTION THAT THE SAME
TYPE OF AGREEMENT CAN BE NEGOTIATED UNDER ARTICLE XII
OF THE IAEA STATUTES. AGUIRRE ASKS WHAT IS THE MAIN
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OBJECTIVE OF THE U.S. WITH RESPECT TO THIS TRANSACTION.
IF THE MAIN OBJECTIVE IS NON-PROLIFERATION, THEN THE
AGREEMENT SHOULD AIM AT ENSURING THAT ADEQUATE SAFE-
GUARDS COVER THE TRANSACTION -- AN OBJECTIVE ARGENTINA
SHARES. ALTHOUGH DRAFT AGENCY PROJECT AGREEMENT INCLUDES
REFERENCE TO ARTICLE XII, AGUIRRE STILL DOES NOT UNDER-
STAND WHY PROJECT AGREEMENT UNDER ARTICLE XI IS REQUIRED.

B. COSENTINO EXPRESSED PUZZLEMENT AT DEPARTMENT'S ASSERTION IN REF A THAT U.S., NOT ARGENTINA AND PERU, IS ASKING FOR "ASSISTANCE" FROM IAEA. HE WOULD APPRECIATE EXPLANATION FOR THIS FORMULATION BECAUSE, AS A MATTER OF RECORD, BOTH THE GOA AND GOP ASKED THE IAEA TO FACILITATE THIS TRANSACTION BACK IN JUNE OF 1976.

C. TURNING TO THE DRAFT AGREEMENT ITSELF (REF B), COSENTINO EXPRESSED SOME CONCERN REGARDING SUGGESTIONS IN THE TEXT THAT ARGENTINA MIGHT NO LONGER HAVE TITLE TO THE FUEL AND THAT IT MIGHT NOT BE RETURNED TO ARGENTINA UNDER THE SAME CONDITIONS AS CURRENTLY EXIST. HE WAS SPECIFICALLY CONCERNED WITH ARTICLE III PARA 4: "UPON TRANSFER TO PERU, THE SUPPLIED MATERIAL SHALL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE U.S.-IAEA AGREEMENT FOR COOPERATION." WHERE DOES THIS LEAVE ARGENTINA'S TITLE TO THE FUEL? COSENTINO ALSO CITED ON THE LAST PAGE OF THE DRAFT NOTE TO PERU, THE SENTENCE WHICH READS: "THE UNITED STATES SHALL HAVE THE RIGHT TO REQUIRE THE RETURN OF ANY U.S.-ORIGIN MATERIAL OR ANY MATERIAL PRODUCED THROUGH ITS USE WHICH IS SUBJECT TO THE AGREEMENT." COSENTINO ASKED WHY THE U.S. RATHER THAN ARGENTINA SHOULD HAVE THIS RIGHT IF ARGENTINA IS THE OWNER OF THE FUEL?

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2. AGUIRRE STATED CATEGORICALLY THAT OUR INFORMATION REGARDING GOP ACCEPTANCE OF DRAFT QUADRIpartite AGREEMENT IS INCORRECT. HE SAID THAT THE GOA AND GOP ARE NOW REVIEWING THE TEXT JOINTLY AND THAT THE GOP HAS NOT ACCEPTED THE TEXT.

3. WOULD APPRECIATE DEPARTMENT'S RESPONSE SOONEST TO ABOVE POINTS MADE BY CNEA OFFICIALS.
CASTRO

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